

Decision \_\_\_\_\_

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Hearsay Social, Inc. for Registration as an Interexchange Carrier Telephone Corporation pursuant to the Provisions of Public Utilities Code Section 1013.

Application 18-09-005

**DECISION GRANTING HEARSAY SOCIAL, INC. A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE RESOLD INTEREXCHANGE SERVICES IN THE STATE OF CALIFORNIA****Summary**

Pursuant to Public Utilities Code Section 1001, Hearsay Social, Inc. is granted a Certificate of Public Convenience and Necessity to provide resold interexchange services in California subject to the terms and conditions set forth in the Ordering Paragraphs.

This proceeding is closed.

**1. Background**

On September 5, 2018, Hearsay Social, Inc. (Hearsay) filed Application 18-09-005 for an expedited registration license as an interexchange carrier and “telephone corporation” pursuant to the Commission’s registration process under Public Utilities (Pub. Util.) Code Section 1013.<sup>1</sup> The Commission’s Communication Division reviewed the Application and determined that the Application did not qualify for review under the registration process because Hearsay’s requested services are considered enhanced and informational, and

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<sup>1</sup> All further references to section are to the Public Utilities Code, unless otherwise specified.

not the ordinary voice and data communication services permitted under the registration process. This Application is therefore being reviewed as an application for a Certificate of Public Convenience and Necessity (CPCN) under § 1001.

Hearsay proposes to provide resold interexchange services to business customers, exclusively financial services (banks and insurance companies), via Voice Over Internet Protocol switching and transmission functionality provided by either Bandwidth (primary) or Twillio (secondary). Hearsay proposes to provide its services throughout of the state of California.

Hearsay provided certification that it is a Common Carrier as defined by § 153 of the Federal Telecommunications Act of 1996 (Act) eligible to interconnect with the public switched telephone network pursuant to § 251 and § 252 of the Act, and that if granted a CPCN, it will operate as a telephone corporation under § 234(a), and obey the Pub. Util. Code and all Commission rules, decisions, and orders applicable to telephone corporations.

Hearsay's principal place of business is located at 185 Berry Street, Suite 3800, San Francisco, CA 94107.

There were no protests or responses filed in response to Hearsay's Application.

A prehearing conference was held on December 6, 2018. On December 20, 2018, Hearsay filed additional information in response to the assigned Administrative Law Judge's (ALJ) December 12, 2018 Ruling. On January 11, 2019, the assigned Commissioner issued a Scoping Memo and Ruling setting forth the category, issues to be addressed, and schedule of the proceeding pursuant to § 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure. On February 26, 2019, Hearsay filed certification in response to the

ALJ's February 20, 2019 E-mail Ruling. On March 18, 2019, Hearsay filed further information in response to the ALJ's January 31, 2019 E-mail Ruling.<sup>2</sup>

## **2. Jurisdiction**

§ 216(a) defines the term "Public utility" to include a "telephone corporation," which in turn is defined in Public Utilities Code § 234(a) as "every corporation or person owning, controlling, operating, or managing any telephone line for compensation within this state."

Hearsay proposes to operate as a resold interexchange carrier telephone corporation in the state of California.

Hearsay provided certification that it is a Common Carrier as defined by § 153 of the Federal Telecommunications Act of 1996 (Act) eligible to interconnect with the public switched telephone network pursuant to § 251 and § 252 of the Act, and that if granted a CPCN, it will operate as a telephone corporation under § 234(a), and obey the Pub. Util. Code and all Commission rules, decisions, and orders applicable to telephone corporations.

Accordingly, Hearsay is a telephone corporation and a public utility subject to our jurisdiction.

## **3. California Environmental Quality Act (CEQA)**

Pursuant to the California Environmental Quality Act (CEQA)<sup>3</sup> and Rule 2.4 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules), the Commission acts as the designated lead agency to consider the environmental consequences of projects that are subject to our approval in order that adverse effects are avoided, alternatives are

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<sup>2</sup> Hearsay's response was submitted on February 7, 2019 and filed on March 18, 2019.

<sup>3</sup> Public Resources Code Section 21000 *et seq.*

investigated, and environmental quality is restored or enhanced to the fullest extent possible. Since Hearsay's Application indicates that it will provide voice and data services only and does not intend to construct any facilities, it can be seen with certainty that there is no possibility that granting this Application will have an adverse impact upon the environment. Before it can construct any facilities, Hearsay must file for additional authority, and submit to any necessary CEQA review.

#### **4. Financial Qualifications**

To be granted a CPCN, an applicant for authority to provide interexchange services must demonstrate that it has a minimum of \$25,000 cash or cash equivalent, reasonably liquid and readily available to meet the firm's start-up expenses.<sup>4</sup> An applicant must also demonstrate that it has sufficient additional resources to cover all deposits required by local exchange carriers and/or interexchange carriers in order to provide the proposed service.<sup>5</sup> In the Application, Hearsay certifies that it has a minimum of \$25,000 available to meet the firm's first-year expenses, including deposits required by interexchange carriers. It also provided a copy of its July 2018 bank account statement and 2017 audited balance sheet and income statement demonstrating sufficient cash flow for a period of 12 months. It certifies that it will obtain a continuous performance bond in the amount of \$25,000 payable to the Commission in effect during all periods of operation, within five business days after the effective days of the

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<sup>4</sup> The financial requirement for Competitive Local Exchange Carriers is contained in Decision (D.) 95-12-056, Appendix C. The financial requirement for Non-Dominant Interexchange Carriers (NDIEC) is contained in D.91-10-041.

<sup>5</sup> The requirement for Competitive Local Carrier applicants to demonstrate that they have additional financial resources to meet any deposits required by underlying Local Exchange Carriers and/or Interexchange Carriers is set forth in D.95-12-056, Appendix C. For NDIECs, the requirement is found in D.93-05-010.

Commission authorization to provide the proposed services. Since Hearsay has provided documentation that it possesses a minimum of \$25,000 that is reasonably liquid and available, it has demonstrated that it has sufficient funds to meet its start-up expenses and has fulfilled this requirement. The Hearsay's financial documentation will be subject to verification and review by the Commission for one year to ensure that such funds are available. Therefore, no additional resources are required at this time to cover deposits.

## **5. Technical Qualifications**

To be granted a CPCN for authority to provide interexchange service, an applicant must make a reasonable showing of managerial and technical expertise in telecommunications or a related business. Hearsay supplied biographical information on its management in Exhibit IV to its Application that demonstrates it has sufficient expertise and training to operate as a telecommunications provider.

In its Application, Hearsay verified that no one associated with or employed by Hearsay as an affiliate, officer, director, partner, or owner of more than 10 percent of Hearsay or anyone acting in a management capacity for Hearsay:

(a) held one of these positions with a company that filed for bankruptcy; (b) been personally found liable, or held one of these positions with a company that has been found liable, for fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (c) been convicted of a felony; (d) been (to his/her knowledge) the subject of a criminal referral by judge or public agency; (e) had a telecommunications license or operating authority denied, suspended, revoked, or limited in any jurisdiction; (f) personally entered into a settlement, or held one of these positions with a company that has entered into settlement of criminal or civil claims involving violations of §§ 17000 et seq., §§ 17200 et seq., or §§ 17500 et seq. of the

California Business & Professions Code, or of any other statute, regulation, or decisional law relating to fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others;  
(g) been found to have violated any statute, law, or rule pertaining to public utilities or other regulated industries; or  
(h) entered into any settlement agreements or made any voluntary payments or agreed to any other type of monetary forfeitures in resolution of any action by any regulatory body, agency, or attorney general.<sup>6</sup>

Also, to the best of Hearsay's knowledge, neither Hearsay, or any affiliate, officer, director, partner, nor owner of more than 10 percent of Hearsay, or any person acting in such capacity whether or not formally appointed, is being, or has been investigated by the Federal Communications Commission or any law enforcement or regulatory agency for failure to comply with any law, rule or order.<sup>7</sup>

For the above reasons, we find that Hearsay is in compliance with the requirements of D.13-05-035.

## **6. Tariffs**

Hearsay has requested detariffed status and may be exempt from tariffing requirements to file tariffs provided that Hearsay complies with the consumer protection rules identified in D.98-08-031.

## **7. Map of Service Territory**

To be granted a CPCN for authority to provide local exchange service, an applicant must provide a map of the service territories it proposes to serve.<sup>8</sup> In

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<sup>6</sup> These certifications are required by D.13-05-035, Ordering Paragraph 14.

<sup>7</sup> *Id.*

<sup>8</sup> D.95-12-056 at Appendix C, Rule 4.E.

its Application, Hearsay indicated that it will only provide interexchange services in California. Accordingly, this requirement is waived for Hearsay.

#### **8. Expected Customer Base**

Hearsay provided its estimated customer base for the first and fifth years of operation in its response to the January 31, 2019 ALJ E-mail Ruling. Therefore, Hearsay has complied with this requirement.

#### **9. Safety Considerations**

With the adoption of the *Safety Policy Statement of the California Public Utilities Commission* on July 10, 2014, the Commission has, among other things, heightened its focus on the potential safety implications of every proceeding. We have considered the potential safety implications here. The Commission is satisfied that Hearsay will meet the Commission's minimum safety goals and expectations of resold interexchange carriers because: (1) Hearsay has taken steps to meet the financial requirements as set forth in this decision for a resold interexchange carrier; and (2) Hearsay is a public utility that is required pursuant to § 451 to "... furnish and maintain such adequate, efficient, just and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities ... as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

#### **10. Conclusion**

We conclude that the Application conforms to our rules for certification as a resold interexchange carrier. Accordingly, we grant Hearsay a CPCN to provide resold interexchange services in California subject to compliance with the terms and conditions set forth in the Ordering Paragraphs.

The CPCN granted by this decision provides benefits to Hearsay and corresponding obligations. Hearsay receives authority to operate in the

prescribed service territory, and this authority enables Hearsay, pursuant to Section 251 of the 1934 Communications Act, as amended by the 1996 Telecommunications Act (47 U.S.C. § 251) , to interconnect with telecommunications carriers.<sup>9</sup> This authority also enables Hearsay to obtain access to public rights-of-way in California as set forth in D.98-10-058, subject to the CEQA requirements set forth in this decision.

In return, Hearsay is obligated to comply with all Public Utilities Code provisions, Commission rules, General Orders, and decisions applicable to telephone corporations providing approved services. The applicable statutes, rules, General Orders, and decisions include, but are not limited to consumer protection rules, tariffing, and reporting requirements. Moreover, Hearsay is obligated to pay all Commission prescribed user fees and public purpose program surcharges as set forth in the Appendix B of this decision, to comply with CEQA, and to adhere to § 451 which states that every public utility “...shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities, as defined in § 54.1 of the Civil Code, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.”

#### **11. Request to File Under Seal**

Pursuant to Rule 11.4 of the Commission’s Rules of Practice and Procedure, Hearsay has filed motions for leave to file Exhibits V to the Application, Attachment 1 to its December 20, 2018 response to the ALJ Ruling, and Attachment 2 to its February 7, 2019 response to the ALJ E-mail Ruling as confidential materials under seal. Hearsay represents that the information is

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<sup>9</sup> The California Public Utilities Code uses the term “telephone corporation.” Its counterpart in federal law is a “telecommunications carrier.”



sensitive, and disclosure could place Hearsay at an unfair business disadvantage. We have granted similar requests in the past and do so here.

**12. Waiver of Comment Period**

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to § 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2), the otherwise applicable 30-day period for public review and comment is waived.

**13. Assignment of Proceeding**

Liane M. Randolph is the assigned Commissioner and Scarlett Liang-Uejio is the assigned Administrative Law Judge in this proceeding.

**Findings of Fact**

1. Hearsay is a telephone corporation and a public utility as defined in § 234(a) and § 216(a).
2. Hearsay has a minimum of \$25,000 of cash or cash equivalent that is reasonably liquid and readily available to meet its start-up expenses.
3. Hearsay has sufficient additional cash or cash equivalent to cover deposits that may be required by other telephone corporations in order to provide the proposed service.
4. Hearsay's management possesses sufficient experience, knowledge, and technical expertise to provide resold interexchange services to the public.
5. No one associated with or employed by Hearsay as an affiliate, officer, director, partner, agent, or owner (directly or indirectly) of more than 10 percent of Hearsay, or anyone acting in a management capacity for Hearsay: (a) held one of these positions with a company that filed for bankruptcy; (b) been personally found liable, or held one of these positions with a company that has been found liable, for fraud, dishonesty, failure to disclose, or misrepresentations to

consumers or others; (c) been convicted of a felony; (d) been the subject of a criminal referral by judge or public agency; (e) had a telecommunications license or operating authority denied, suspended, revoked, or limited in any jurisdiction; (f) personally entered into a settlement, or held one of these positions with a company that has entered into settlement of criminal or civil claims involving violations of §§ 17000 et seq., §§ 17200 et seq., or §§ 17500 et seq. of the California Business & Professions Code, or of any other statute, regulation, or decisional law relating to fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (g) been found to have violated any statute, law, or rule pertaining to public utilities or other regulated industries; or (h) entered into any settlement agreements or made any voluntary payments or agreed to any other type of monetary forfeitures in resolution of any action by any regulatory body, agency, or attorney general.

6. To the best of Hearsay's knowledge, neither Hearsay, or any affiliate, officer, director, partner, nor owner of more than ten percent (10%) of Hearsay, or any person acting in such capacity whether or not formally appointed, is being, or has been investigated by the Federal Communications Commission or any law enforcement or regulatory agency for failure to comply with any law, rule or order.

7. Hearsay requested and is eligible for exemption from tariffing requirements and must observe the consumer protection rules adopted in D.98-08-031.

8. Hearsay provided an estimate of its customer base for the first and fifth year of operation.

9. Pursuant to Rule 11.4, Hearsay filed motions for leave to file confidential materials under seal, including Exhibit V to its Application, Attachment 1 to its

December 20, 2018 response to the ALJ Ruling, and Attachment 2 to its February 7, 2019 response to the ALJ E-mail Ruling.

**Conclusions of Law**

1. Hearsay should be granted a CPCN to provide resold interexchange services in California subject to the terms and conditions set forth in the Ordering Paragraphs.
2. Hearsay, once granted a CPCN, should be subject to the applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.
3. Hearsay should be granted an exemption from the requirement to file tariffs.
4. Hearsay's motions to file under seal Exhibit V to its Application, Attachment 1 to its December 20, 2018 response to the ALJ Ruling, and Attachment 2 to its February 7, 2019 response to the ALJ E-mail Ruling should be granted for three years.

**O R D E R**

**IT IS ORDERED** that:

1. A certificate of public convenience and necessity is granted to Hearsay Social, Inc. to provide resold interexchange services in California, subject to the terms and conditions set forth below.
2. The corporate identification number assigned to Hearsay Social, Inc., U-7357-C, must be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

3. Hearsay Social, Inc. must file, in this docket, a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this decision. Written acceptance filed in this docket does not reopen the proceeding.

4. The certificate granted by this decision will expire if not exercised within 12 months of the effective date of this decision.

5. Hearsay Social, Inc. must obtain a performance bond of at least \$25,000 in accordance with Decision 13-05-035. The performance bond must be a continuous bond (i.e., there is no termination date on the bond) issued by a corporate surety company authorized to transact surety business in California, and the Commission must be listed as the obligee on the bond. Within five days of acceptance of its certificate of public convenience and necessity authority, Hearsay Social, Inc. must submit a Tier-1 advice letter to the Communications Division, containing a copy of the license holder's executed bond, and submit a Tier-1 advice letter annually, but not later than March 31, with a copy of the executed bond.

6. Hearsay Social, Inc. must not allow its performance bond to lapse during any period of its operation. Pursuant to Decision 13-05-035, the Commission may revoke a certificate of public convenience and necessity if a carrier is more than 120 days late in providing the Communications Division a copy of its executed performance bond and the carrier has not been granted an extension of time by the Communications Division.

7. In addition to all the requirements applicable to competitive local exchange carriers and interexchange carriers included in Attachments B, C, and D to this decision, Hearsay Social, Inc. is subject to the Consumer Protection Rules contained in General Order 168, and all applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.

8. Hearsay Social, Inc. must pay the public purpose surcharges specified in Attachment B, and the Combined California Public Utilities Commission Telephone Surcharge Transmittal Form must be submitted even if the amount due is \$0.

9. Hearsay Social, Inc. must pay an annual minimum user fee of \$100 or 0.34 percent of gross intrastate revenue, whichever is greater. Under Public Utilities Code Section 405, carriers that are in default of reporting and submitting user fees for a period of 30 days or more will be subject to penalties including suspension or revocation of their authority to operate in California.

10. Prior to initiating service, Hearsay Social, Inc. must provide the Commission's Consumer Affairs Branch with the name(s), address(es), and telephone number(s) of its designated contact person(s) for purposes of resolving consumer complaints. This information must be updated if the name(s), address(es), or telephone number(s) change, or at least annually.

11. Prior to initiating service, Hearsay Social, Inc. must provide the Commission's Communications Division with the name(s), address(es), and telephone number(s) of its designated regulatory/official contact person(s). This information must be provided electronically, using the "Regulatory/Official Contact Information Update Request" found at <http://www.cpuc.ca.gov/communications>. This information must be updated if the name or telephone number changes, or at least annually.

12. Hearsay Social, Inc. must submit an annual report to the Director of the Communications Division, by email to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov), in compliance with General Order 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.

13. Hearsay Social, Inc. must submit an affiliate transaction report to the Director of the Communications Division, by e-mail to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov), in compliance with Decision 93-02-019, on a calendar year basis using the form contained in Attachment D.

14. Hearsay Social, Inc.'s motions to file under seal its Exhibit V to Application 18-09-005 Attachment 1 to its December 20, 2018 response to the Administrative Law Judge Ruling, and Attachment 2 to its February 7, 2019 response to the Administrative Law Judge E-mail Ruling are granted for a period of three years after the date of this decision. During this three year period, this information shall not be publicly disclosed except on further Commission order or Administrative Law Judge ruling. If Hearsay Social, Inc. believes that it is necessary for this information to remain under seal for longer than three years, Hearsay Social, Inc. may file a new motion showing good cause for extending this order by no later than 30 days before the expiration of this order.

15. Application 18-09-005 is closed.

This order is effective today.

Dated \_\_\_\_\_, at Oxnard, California.

**ATTACHMENT A**

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**(END OF ATTACHMENT A)**

**ATTACHMENT B****REQUIREMENTS APPLICABLE TO COMPETITIVE LOCAL EXCHANGE CARRIERS AND INTEREXCHANGE CARRIERS**

1. Applicant must file, in this docket with reference to this decision number, a written acceptance<sup>1</sup> of the certificate granted in this proceeding within 30 days of the effective date of this order.

2. The certificate granted and the authority to render service under the rates, charges, and rules authorized will expire if not exercised within 12 months of the date of this decision.

3. Applicant is subject to the following fees and surcharges that must be regularly remitted. Per the instructions in Exhibit E to Decision (D.) 00-10-028, the Combined California PUC Telephone Surcharge Transmittal Form must be submitted even if the amount due is \$0.

- a. The Universal Lifeline Telephone Service Trust Administrative Committee Fund (Pub. Util. Code § 879);
- b. The California Relay Service and Communications Devices Fund (Pub. Util. Code § 2881; D.98-12-073);
- c. The California High Cost Fund-A (Pub. Util. Code § 739.3; D.96-10-066, at 3-4, App. B, Rule 1.C);
- d. The California High Cost Fund-B (D.96-10-066, at 191, App. B, Rule 6.F.; D.07-12-054);
- e. The California Advanced Services Fund (D.07-12-054);
- f. The California Teleconnect Fund (D.96-10-066, at 88, App. B, Rule 8.G);
- g. The User Fee provided in Pub. Util. Code §§ 431-435. The minimum annual User Fee is \$100, as set forth in D.13-05-035.

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<sup>1</sup> Written acceptance filed in this docket does not reopen the proceeding.



Note: These fees change periodically. In compliance with Resolution T-16901, December 2, 2004, Applicant must check the joint tariff for surcharges and fees filed by Pacific Bell Telephone Company (d/b/a AT&T California) and apply the current surcharge and fee amounts in that joint tariff on end-user bills until further revised. Current and historical surcharge rates can be found at <http://www.cpuc.ca.gov/General.aspx?id=1124>.

- i. Carriers must report and remit CPUC telephone program surcharges online using the CPUC Telecommunications and User Fees Filing System (TUFFS). Information and instructions for online reporting and payment of surcharges are available at <http://www.cpuc.ca.gov/General.aspx?id=1010>. To request a user ID and password for TUFFS online filing and for questions, please e-mail [Telcosurcharge@cpuc.ca.gov](mailto:Telcosurcharge@cpuc.ca.gov).
- ii. Carriers must submit and pay the PUC User Fee (see Item 3.g above) upon receiving the User Fee statement sent by the Commission Instructions for reporting and filing are available at <http://www.cpuc.ca.gov/General.aspx?id=1009>. Please send an email to [userfees@cpuc.ca.gov](mailto:userfees@cpuc.ca.gov) for additional questions regarding User Fee reporting and payment.

4. If Applicant is a competitive local exchange carrier, the effectiveness of its future competitive local exchange carrier tariffs is subject to the requirements of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

5. If Applicant is a non-dominant interexchange carrier, the effectiveness of its future non-dominant interexchange carrier tariffs is subject to the requirement of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

6. Tariff filings must reflect all fees and surcharges to which Applicant is subject, as reflected in Item 3 above.

7. Applicant must obtain a performance bond of at least \$25,000 in accordance with Decision 13-05-035. The performance bond must be a continuous bond (i.e., there is no termination date on the bond) issued by a corporate surety company authorized to transact surety business in California, and the Commission must

be listed as the obligee on the bond. Within five days of acceptance of its certificate of public convenience and necessity authority, Applicant must submit a Tier-1 Advice Letter to the Communications Division, containing a copy of the license holder's executed bond, and submit a Tier-1 advice letter annually, but not later than March 31, with a copy of the executed bond.

8. Applicant must not allow its performance bond to lapse during any period of its operation. Pursuant to Decision 13-05-035, the Commission may revoke a certificate of public convenience and necessity if a carrier is more than 120 days late in providing the Communications Division a copy of its executed performance bond and the carrier has not been granted an extension of time by the Communications Division.

9. Applicants providing local exchange service must submit a service area map as part of their initial tariff to the Communications Division.

10. Prior to initiating service, Applicant must provide the Commission's Consumer Affairs Branch with the name(s), address(es), and telephone number(s) of its designated contact person(s) for purposes of resolving consumer complaints. This information must be updated if the name(s), address(es), and telephone number(s) change, or at least annually.

11. In addition, Applicant must provide the Commission's Communications Division with the name(s), address(es), and telephone number(s) of its designated regulatory/official contact persons(s). This information must be provided electronically, using the "Regulatory/Official Contact Information Update Request" found at <http://www.cpuc.ca.gov/communications>. This information must be updated if the name(s), address(es), and telephone number(s) change, or at least annually.

12. Applicant must notify the Director of the Communications Division, in writing submitted by email to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov), no later than five days after service first begins, of the date that local exchange service is first rendered to the public.

13. Applicant must keep its books and records in accordance with the Generally Accepted Accounting Principles.

14. In the event Applicant's books and records are required for inspection by the Commission or its staff, it must either produce such records at the Commission's offices or reimburse the Commission for the reasonable costs incurred in having Commission staff travel to its office.

15. Applicant must submit an annual report to the Director of the Communications Division at [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov), in compliance with GO 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.

16. Applicant must submit an affiliate transaction report to the Director of the Communications Division at [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov), in compliance with D.93-02-019, on a calendar-year basis using the form contained in Attachment D.

17. Applicant must ensure that its employees comply with the provisions of Pub. Util. Code § 2889.5 regarding solicitation of customers.

18. Within 60 days of the effective date of this order, Applicant must comply with Pub. Util. Code § 708, Employee Identification Cards, and notify the Director of the Communications Division of its compliance in writing, by email to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov).

19. If Applicant is 90 days or later in submitting an annual report, or in remitting the surcharges and fee listed in #3 above, and has not received written permission from the Communications Division to file or remit late, the

Communications Division must prepare for Commission consideration a resolution that revokes Applicant's CPCN.

20. Applicant is exempt from Rule 3.1(b) of the Commission's Rules of Practice and Procedure.

21. Applicant is exempt from Pub. Util. Code §§ 816-830.

22. If Applicant decides to discontinue service or file for bankruptcy, it must immediately notify the Communications Division's Bankruptcy Coordinator.

23. Applicant must send a copy of this decision to concerned local permitting agencies no later than 30 days from the date of this order.

**(END OF ATTACHMENT B)**

**ATTACHMENT C****ANNUAL REPORT**

An original and a machine readable, copy using Microsoft Word or compatible format must be submitted to the California Public Utilities Commission, Communications Division, 505 Van Ness Avenue, San Francisco, CA 94102-3298, no later than March 31st of the year following the calendar year for which the annual report is submitted. In addition, an electronic copy of the report must be emailed to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov).

Failure to submit this information on time may result in a penalty as provided for in Pub. Util. Code §§ 2107 and 2108.

Required information:

1. Exact legal name and U # of the reporting utility.
2. Address.
3. Name, title, address, and telephone number of the person to be contacted concerning the reported information.
4. Name and title of the officer having custody of the general books of account and the address of the office where such books are kept.
5. Type of organization (e.g., corporation, partnership, sole proprietorship, etc.).  
If incorporated, specify:
  - a. Date of filing articles of incorporation with the Secretary of State.
  - b. State in which incorporated.
6. Number and date of the Commission decision granting the Certificate of Public Convenience and Necessity.
7. Date operations were begun.
8. Description of other business activities in which the utility is engaged.
9. List of all affiliated companies and their relationship to the utility. State if affiliate is a:
  - a. Regulated public utility.
  - b. Publicly held corporation.
10. Balance sheet as of December 31st of the year for which information is submitted.

11. Income statement for California operations for the calendar year for which information is submitted.
12. Cash Flow statement as of December 31st of the calendar year for which information is submitted, for California operations only.

For any questions concerning this report, please send an email to [cdcompliance@cpuca.ca.gov](mailto:cdcompliance@cpuca.ca.gov) with a subject line that includes: "CD Annual Reports."

**(END OF ATTACHMENT C)**

**ATTACHMENT D****CALENDAR YEAR AFFILIATE TRANSACTION REPORT**

An original and a machine readable, copy using Microsoft Word and Excel, or compatible format must be submitted to the California Public Utilities Commission, Communications Division, 505 Van Ness Avenue, San Francisco, CA 94102-3298, no later than May 1st of the year following the calendar year for which the annual report is submitted. In addition, an electronic copy of the report must be emailed to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov).

1. Each utility must list and provide the following information for each affiliated entity and regulated subsidiary that the utility had during the period covered by the Annual Affiliate Transaction Report.

- Form of organization (e.g., corporation, partnership, joint venture, strategic alliance, etc.);
- Brief description of business activities engaged in;
- Relationship to the utility (e.g., controlling corporation, subsidiary, regulated subsidiary, affiliate);
- Ownership of the utility (including type and percent ownership)
- Voting rights held by the utility and percent; and
- Corporate officers.

2. The utility must prepare and submit a corporate organization chart showing any and all corporate relationships between the utility and its affiliated entities and regulated subsidiaries in #1 above. The chart must have the controlling corporation (if any) at the top of the chart, the utility and any subsidiaries and/or affiliates of the controlling corporation in the middle levels of the chart, and all secondary subsidiaries and affiliates (e.g., a subsidiary that in turn is owned by another subsidiary and/or affiliate) in the lower levels. Any regulated subsidiary must be clearly noted.

3. For a utility that has individuals who are classified as “controlling corporations” of the competitive utility, the utility must only report under the requirements of #1 and #2 above any affiliated entity that either (a) is a public utility or (b) transacts any business with the utility filing the annual report excluding the provision of tariff services.

4. Each annual report must be signed by a corporate officer of the utility stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.

5. Any required material that a utility is unable to provide must be reasonably described and the reasons the data cannot be obtained, as well as the efforts expended to obtain the information, must be set forth in the utility’s Annual Affiliate Transaction Report and verified in accordance with Section I-F of Decision 93-02-019.

6. Utilities that do not have affiliated entities must submit, in lieu of the annual transaction report, an annual statement to the Commission stating that the utility had no affiliated entities during the report period. This statement must be signed by a corporate officer of the utility, stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.

For any questions concerning this report, please send an email to [cdcompliance@cpuca.ca.gov](mailto:cdcompliance@cpuca.ca.gov) with a subject line that includes: “CD Annual Reports.”

**(END OF ATTACHMENT D)**